



160 Capitol Street, Augusta, ME 04330

*FPL Energy Maine Hydro LLC*

(207) 623-8413

FAX (207) 623-1016

July 24, 2003

Ms. Dawn Gallagher, Commissioner

Maine Department of Environmental Protection

17 State House Station

Augusta, ME 04333

RE: Gulf Island Pond LD 1137 Process - Second Diffuser Costs

Dear Commissioner Gallagher:

In response to the request made at the July 1, 2003 Stakeholders meeting for the Gulf Island Pond LD 1137 process, we have examined our records for estimated costs associated with the construction and operation of a second diffuser in Gulf Island Pond.

It has been suggested that given the short time frame within which additional information has been requested, identifying ranges of costs would be acceptable for this process. This limitation affects the ability of the GIPOP partnership to develop detailed cost estimates, and additionally, any costs would be contingent upon review and approval of the proposed design by state and federal agencies. For both of the above constraints, we have the ability to offer cost ranges for the design and construction costs for a second diffuser in Gulf Island Pond. However, based on current operational costs, we do feel that we have the ability to develop accurate operation and maintenance (O & M) costs for two diffusers operating together in Gulf Island Pond.

For the capital construction costs, we have estimated a range of \$2.8 to \$3.5 million dollars, which is consistent with the costs estimated by MDEP and included in their TMDL Analysis performed for Gulf Island Pond.

In the TMDL Analysis, MDEP also included an estimate of \$100,000 per year in additional O&M costs for a second diffuser in Gulf Island Pond. This estimate appears to include only the incremental costs for the additional oxygen necessary for two diffusers. Based on GIPOP's ten year history of O&M expenditures at Gulf Island Pond, the addition of a second diffuser will require not only additional oxygen costs but also costs necessary to lease additional equipment, to operate and maintain the additional equipment, added insurance costs and other additional costs. When taking these other items into account, we believe that the incremental increase in O&M costs for a second diffuser will be approximately \$400,000 per year. This would increase the total annual O&M costs for two diffusers in Gulf Island Pond to approximately \$1.2 million per year.

We hope that these cost estimates are useful for this exercise. If any additional details should be needed, please do not hesitate to contact Mike Hoover at 623-8415.

Sincerely,

F. Allen Wiley  
Vice President  
FPL Energy Maine Hydro LLC

CC: GIPOP Partnership  
Brooke Barnes, MDEP